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Lord Smith of Kelvin KT  
Chair  
SCoG Steering Group  
Scottish Government  
Victoria Quay  
Edinburgh, EH6 6QQ

11 June 2013

Dear Lord Smith

### **Consultation On The Draft Scottish Code of Good HE Governance (April 2013)**

The SRUC Board duly considered the above draft Code at its meeting on 6 June 2013 and is now in a position to submit the following comments.

The Board is in agreement that many aspects of the draft Code are sensible and welcome, and that much of it reflects governance arrangements that are already in place within the organisation. However there remains an overriding concern with a number of the proposals where the specific detail, rather than the spirit of the provision, would be at odds with the governance requirements that are necessitated by SRUC's unusual configuration and circumstances. Therefore, SRUC is strongly of the view that the inclusion of a 'comply or explain' clause is critical to the delivery of governance arrangements that are robust, efficient, tailored and fit-for-purpose.

Amongst the characteristics that make SRUC's governance requirements unusual as an HEI are the following:

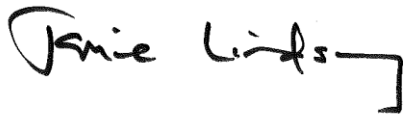
1. SRUC is required to comply with the Companies Acts. Where this conflicts with guidance relating to the HE sector, SRUC has been advised that the requirements of the Companies Acts should generally take precedence;
2. The extent of SRUC's commercial business activities is a unique distinguishing feature within the sector. This explains the need and justification for some aspects of our governance to be based on a business code and model (for example, commercial sensitivities and the need for commercial confidentiality are a regular part of SRUC's governance needs);
3. SRUC's HE funding is a small part of the Group's business and income base; and
4. SRUC Education is itself unique given that:
  - a. it is a genuine tertiary education organisation with education delivered across all levels (HE, FE, other skilling and training, etc.);
  - b. it is Scotland's only land-focused HE/FE institute. The curriculum range is narrow and specialist compared with virtually all of the HEIs in Scotland (except for the other SSIs); and
  - c. SRUC has a multi-site, multi-campus presence throughout Scotland.

Notably, in 2007, KPMG carried out an independent review of SAC's governance arrangements and found no material deficiencies in terms of adherence to CUC guidance, the Combined Code and SFC requirements.

In summary, the SRUC Board is broadly supportive of many parts of the draft Code but in some respects has an over-riding need for a 'comply or explain' option if the SRUC governance regime is to be effective and fit-for-purpose.

With kindest regards.

Yours sincerely,

A handwritten signature in black ink that reads "Jamie Lindsay". The signature is written in a cursive style and ends with a long horizontal line that curves downwards at the right end.

Lord Jamie Lindsay  
**Chairman**